

In the matter of :

**AMICA MUTUAL
INSURANCE COMPANY,**

An Authorized Insurer.

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No. D 02 - 154

**CONSENT ORDER
LEVYING A FINE**

FINDINGS OF FACT:

1. Amica Mutual Insurance Company (“Amica”) is a property and casualty insurer authorized to do business in the State of Washington. Among the types of coverage offered by Amica to Washington residents are inland marine policies covering boats twenty-six feet and under in length used for pleasure and providing marine protection and indemnity insurance to the owners of such boats.
2. In 1982, the Washington State Insurance Commissioner adopted WAC 284-24-080(32) which specified that manual rates or rating plans must be filed for inland marine classes of risk involving boat owners’ and/or boats twenty-six feet and under in length that are used for pleasure.
3. On or about July 13, 2001, the Office of the Insurance Commissioner (“OIC”) received Amica’s filing, dated July 10, 2001, of rates for its inland marine boat insurance program, which filing was presented as “Implementation of rates and rules,” which filing was approved on or about July 22, 2002.
4. Prior to Amica’s rate filing dated July 10, 2001, Amica had not filed rates for its inland marine boat insurance program with OIC and no rates for such insurance had been approved by OIC prior to OIC’s approval of July 22, 2002.
5. In March, 2002, OIC learned that since 1982, Amica had been selling inland marine boat insurance policies in Washington for which rates had not been filed with or approved by OIC.
6. By letter dated April 5, 2002, OIC requested relevant information from Amica on its sale of unapproved inland marine boat insurance in Washington and its use of unfiled and unapproved rates. This letter asked Amica to confirm OIC’s understanding that Amica had been writing boat insurance in Washington since 1976 and that Amica’s first Washington rate filing for this program was Amica’s filing dated July 10, 2001. Amica’s response, by

letter dated April 26, 2002, from Amica's counsel, confirmed OIC's understanding and Amica's use of unfiled and unapproved rates.

7. Amica admits in its letter of July 26, 2002, that it had not sought approval of rates for its inland marine boat insurance program prior to its July 13, 2001, filing. Amica continued to renew existing inland marine boat insurance policies that had been issued to Washington residents and Amica continued to sell new inland marine boat insurance policies to Washington residents prior to OIC's approval of Amica's rate filing on July 22, 2002.
8. As of August 2, 2002, Amica had in force 482 policies in Washington insuring pleasure boats twenty-six feet and under, and Amica renewed approximately 150 such inland marine policies and wrote approximately 61 new policies in Washington between the date of OIC's April 5, 2001, letter and OIC's approval of Amica's rate filing on July 22, 2002. Between 1982 and July 22, 2002, Amica renewed and wrote hundreds of additional inland marine policies in Washington covering pleasure boats twenty-six feet and under in length for which policies no rates had been filed or approved.

CONCLUSIONS OF LAW:

1. Amica's issuance of policies for which it had not filed rates and for which rates had not been approved by OIC violated RCW 48.19.040(6) and WAC 284-24-080.

CONSENT TO ORDER:

1. Amica Mutual Insurance Company wishes to resolve this matter without further administrative or judicial proceedings and hereby admits to the foregoing Findings of Fact and Conclusions of Law. Amica Mutual Insurance Company hereby consents to the entry of this order and acknowledges its duty to comply fully with the applicable laws of the State of Washington.
2. By agreement of the parties, the OIC will impose a fine of \$25,000 upon Amica, of which \$5,000 is suspended. Pursuant to RCW 48.05.185, failure to pay the fine timely shall constitute grounds for the revocation of the insurer's certificate of authority, and for the recovery of the full fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED AND AGREED, this 12th day of December, 2002.

AMICA MUTUAL INSURANCE COMPANY

Signed Name: _____

Printed Name: _____

Printed Title: _____

ORDER:

Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of Twenty-Five Thousand Dollars (\$25,000) upon Amica Mutual Insurance Company, Five Thousand Dollars (\$5,000) of which is hereby suspended. The fine of Twenty Thousand Dollars (\$20,000) must be paid in full within thirty days of the entry of this order in Tumwater, Washington. Failure to pay the fine timely shall constitute grounds for the revocation of Amica's certificate of authority, and for the recovery of the full fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT TUMWATER, WASHINGTON, this 24th day of December, 2002.

MIKE KREIDLER
Insurance Commissioner

By:

CHARLES D. BROWN
Staff Attorney, Legal Affairs